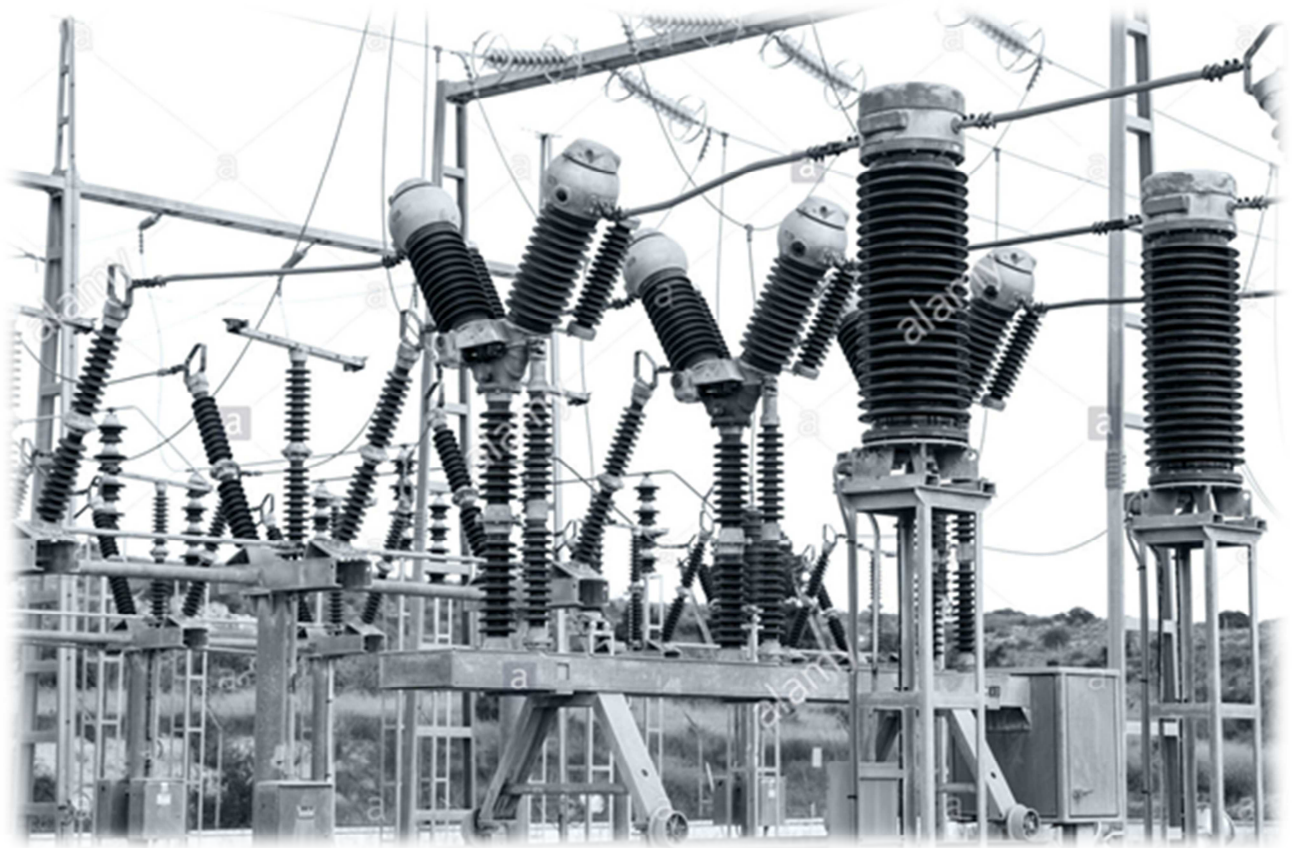


Sectorial Strategy for export plan of a potential item under Chapter 85 (Electric machinery)– A holistic approach by a Start-up exporter :



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- **Abstract :**

This report is made to help a start-up company/individual to identify a suitable product and its international destination for export. A start-up company undergoes various risk and the purpose of this report is mainly to reduce all possible risk and guide them to take correct steps based on various theoretical models, trade statistics and analysis of them. To prepare this report, many secondary data & report has also been accessed available in various sources. The step wise guide may assist them to choose best possible option to avoid chance of failure.

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- **Introduction :**

Indian electrical equipment industry increases its preparedness and enhance its competitiveness to meet the current and future demands of our power sector and also other sectors of the economy. As of 2011-12, the Indian EE industry has grown close to ` 1.20 lakh crore (US\$ 25 billion). It contributes 1.4% to the nation's GDP and 10.0% to the manufacturing GDP.

The current scenario necessitates the development of a well-defined, robust plan to support the long-term growth of this industry and tackle obstacles. Indian Electrical Equipment Industry Mission Plan 2012–2022 was the outcome of in-depth dialogue with different stakeholders including EE manufacturers, users (power generation and T&D companies), the investor community and various departments of Government of India. The process has led to the creation of the following Vision for the Indian EE Industry: **“To make India the country of choice for production of electrical equipment and reach an output of US\$ 100 billion by balancing exports and imports”**

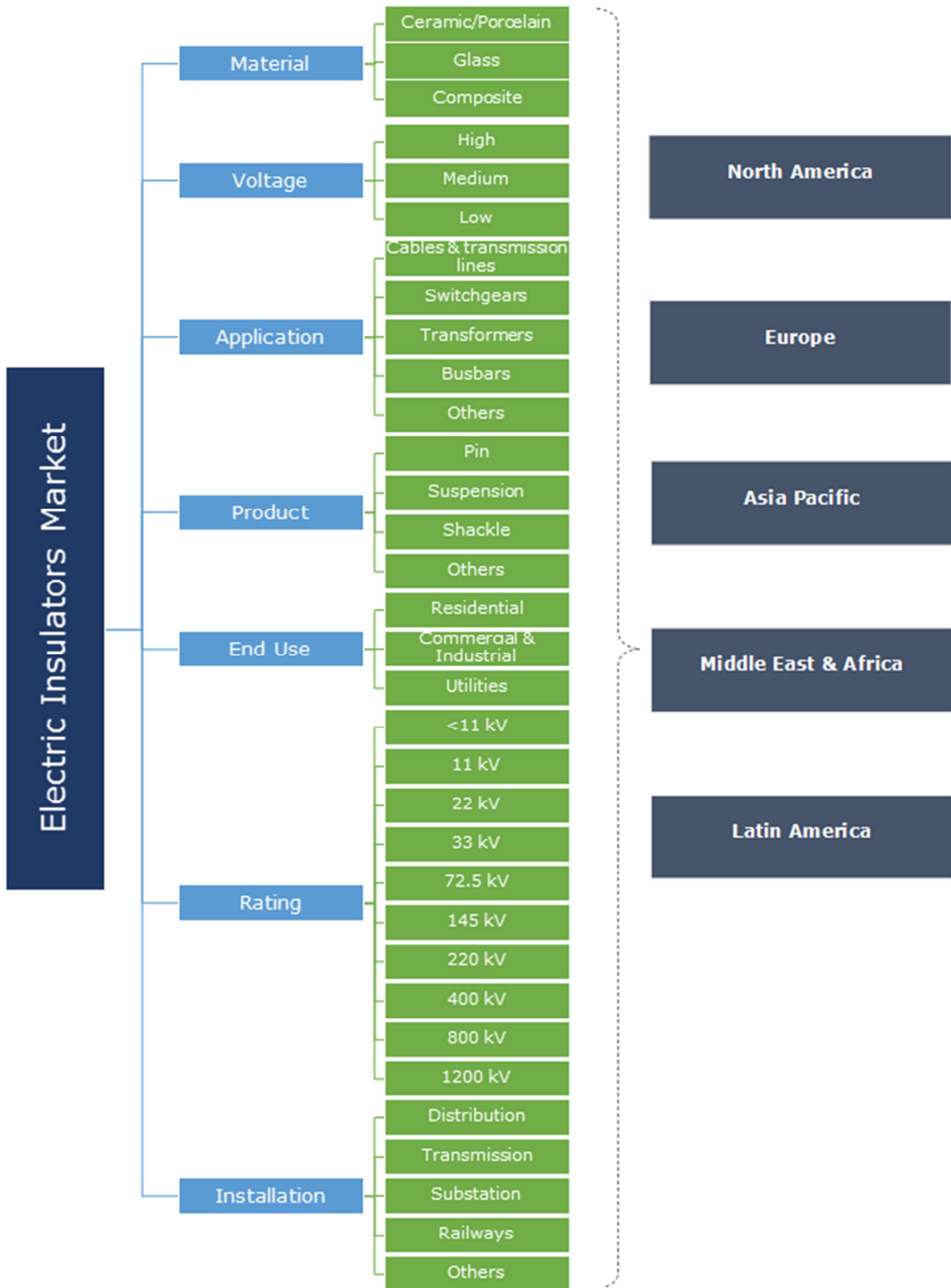
Export of electrical equipment in 2011-12 was US\$ 4.6 billion, which is about 1.5% of total exports from India, and imports were US\$ 15.7 billion, which is about 3.2% of total imports. During the last five years, exports of electrical equipment have increased at a CAGR of 9.7% whereas imports have increased at a CAGR of 27.2%. Clearly, there is an urgent need for reducing the increasing trade deficit.

Some countries provide very effective support to their domestic manufacturers of electrical equipment, which results in them being more competitive vis-à-vis Indian manufacturers in the global market. Indian industry is also unable to compete because of the industry's lack of focus on quality of the products, delivery commitments, high cost of shipment, lack of infrastructure, no recognition of test certificates of CPRI by some countries, high cost of production, high cost of finance, lack of interaction of the industry with Indian missions and trade commission's abroad, etc.

This study is based on a start-up idea to choose a proper product under Electrical Equipment & accessories (chapter 85) for pushing it to International market to gain competitiveness Globally. Based on various study and analysis from indices, we found a unique product “Ceramic Insulator” which is having massive export potentiality from India.

An insulator is a material that does not conduct current. Insulating material includes paper, plastic, rubber, glass and air.

- Electric Insulator market classification :



- **Industry Highlights :**

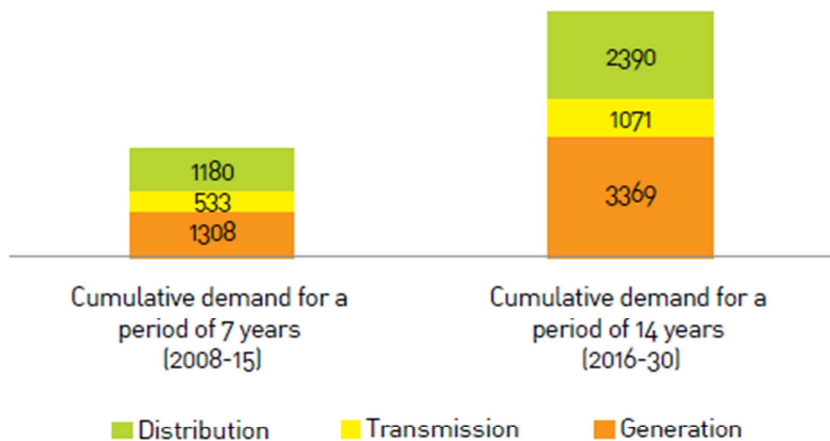
- **Global Electrical Equipment Industry :**

The global EE industry consists of the following two segments:

- The global heavy electrical equipment market, including boilers, turbines, generators, wind turbines, solar power systems, etc.
- The global T&D equipment market, including electric power cables, transformers, electrical switchgear, transmission line towers, conductors, control equipment, meters, etc.

The global EE market is expected to increase from a cumulative size of more than US\$ 3 trillion (2008-15) to US\$ 6.8 trillion (2016-30). This translates into around 2% CAGR over the long term.

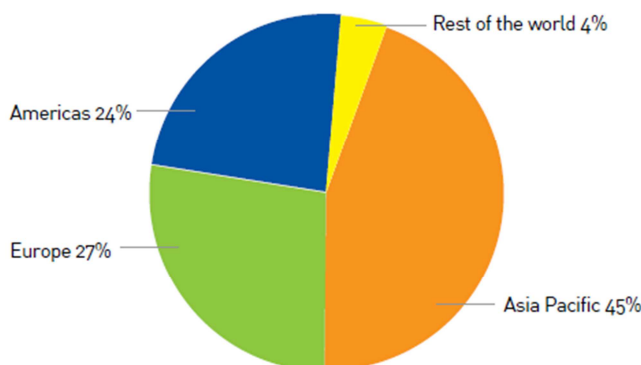
- Global Electrical Equipment Cumulative Demand (US\$ billion)



Source: The International Energy Agency's World Energy Outlook 2009 report

Asia-Pacific and Europe together account for more than 70% of the global market, with the Asia-Pacific region's share being 45%. This region is expected to see the strongest demand in future due to the region's strong expected economic growth rates.

- Global Electrical Equipment Market Share by Region (2010)

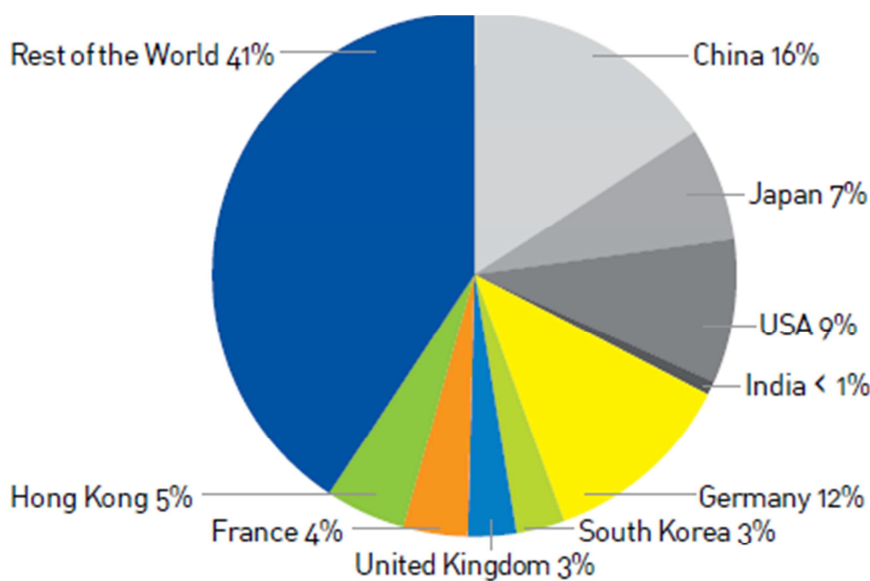


Source: Datamonitor

In spite of less-than-impressive growth rates in recent years in the electrical equipment market, there is substantial scope for expansion in certain areas, such as the emerging markets in the Asia-Pacific and Africa region. Robust economic growth in emerging countries such as China and India, combined with rapid urbanization and strong growth in investment in these countries, is expected to boost the demand for electrical equipment in these countries in the future.

In developed countries, and also in several developing countries, rising ecological concerns and investment in alternative sources of power generation should benefit equipment segments such as wind turbines, solar power systems, etc.

- Global Electrical Equipment Export Share by Region (2011):



Source: ITC

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